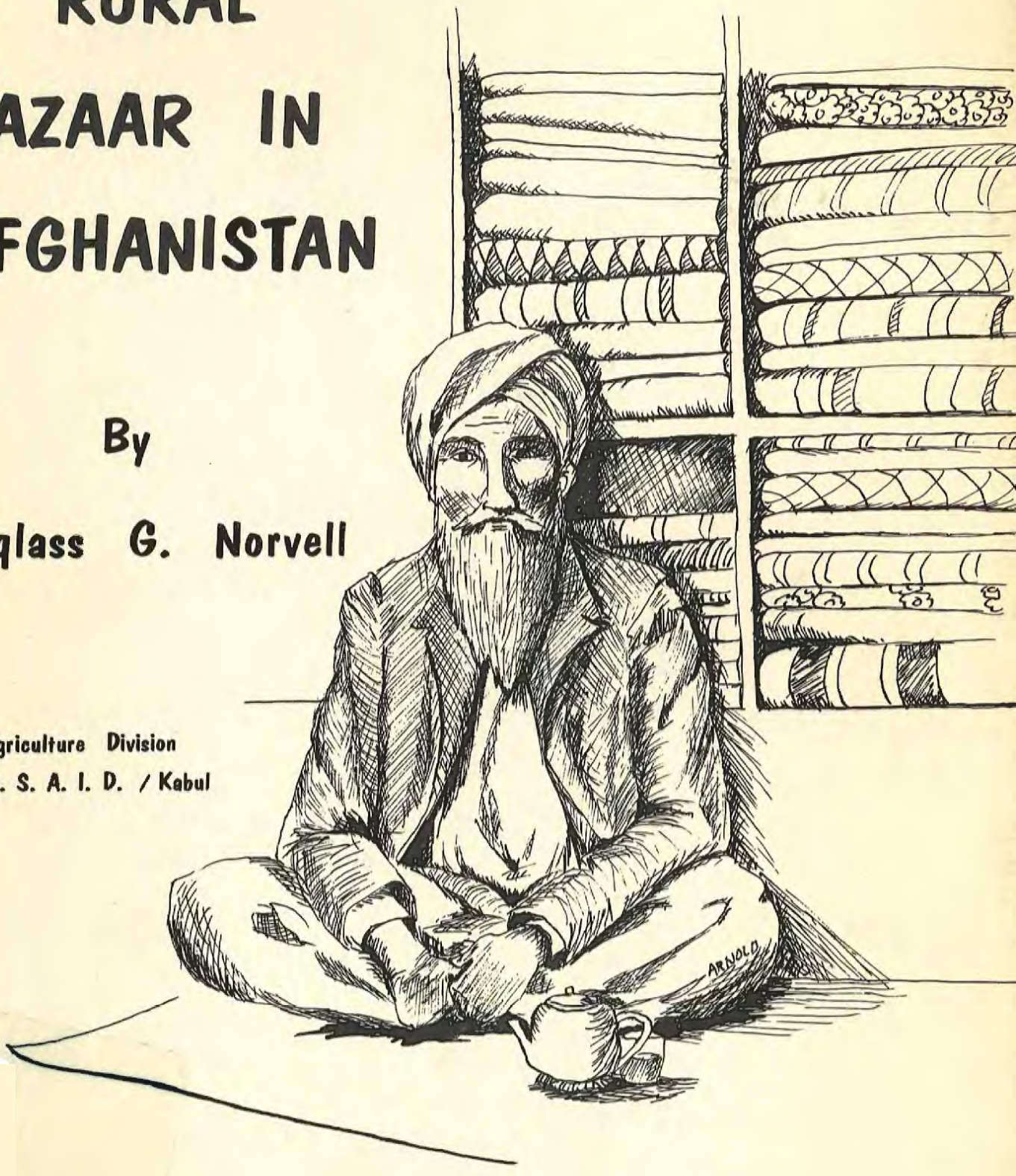
A RURAL BAZAAR IN AFGHANISTAN



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A Rural Bazaar In Afghanistan

by Douglass G. Norvell

INTRODUCTION

This is a simple descriptive study of the Mehterlam Bazaar, situated in the Laghman Province of Afghanistan. The purpose of the study is to describe the bazaar and its shopkeepers -- including their operating procedures, costs, products handled, credit arrangements, and clientele. The ensuing information will hopefully be useful to development planners who set out to develop distribution systems for agricultural inputs; and particularly in identifying potential intermediaries and anticipating the costs of moving goods from central distribution points to provincial markets. The paper contains: (1) a brief description of Laghman Province and Mehterlam, (2) a description of the market and local retailers, and (3) some conclusions and recommendations.

LAGHMAN PROVINCE

Laghman Province is located in southeast Afghanistan in a sub-tropical zone. The capital city, Mehterlam, is located at the confluence of the Aliseng and Alingar rivers, which form the two principal valleys of the province. Mehterlam is the center of government and commerce for the region's 267,000 persons, and houses the offices of the Governor, Director of Agriculture, and other officials.[1]

The productive agriculture of the province uses a blend of traditional and modern cultural practices. While farmers use traditional methods to plow and plant seed, they have almost universally adapted improved varieties of wheat, and chemical fertilizers are utilized when available. Innovations have been encouraged by the Director of Agriculture, who reports an increase in wheat yields from 50 to over 100 seers per jerib on some of the most productive farms.

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[1] Bulletin on Agricultural Statistics, Ministry of Agriculture, Kabul. September 1971.

THE MEHTERLAM BAZAAR

Physical Aspects

The Mehterlam Bazaar is typical of Afghanistan. The individual shops are usually wide open, one-man operations as pictured in plates I and II. The bazaar is located in the center of town in an area about 300 yards long and 100 yards wide. There is easy access by road and ample space for loading and unloading. In addition to teahouses, the bazaar is surrounded by government offices, a commercial bank, and a mosque.

The shops in the bazaar are either constructed of mud bricks with a plaster coating or unfinished wood. The plaster shops were built in 1348 and 1349 (1969-1970) at a cost of 17,000 Afghanis[2] per shop or 32,000 Afs. if the shop was built with an attached apartment. Due to a difference in rental costs, some of the more expensive plaster shops were unoccupied; however, all of the wooden shops were in use.

Administration

The municipality is charged with the responsibility for sanitation, while maintenance of the market is provided by shopowners. Ten men work full time at keeping the bazaar clean, they also attend the juies[3] to make certain they are free and flowing, and they spread water on the ground to keep the dust down.

Although the shops are privately owned, the municipality owns the land. The rights to buy shop spaces were sold by the governor to the general populace on a lottery basis. The overall planning of the market is supervised by the Ministry of Public Works, and shops are required to conform to a general design.

Kinds of Shops

The merchants in the bazaar offer a wide array of goods and services. Based upon a classification of licenses (see Table 1), the following kinds of shops were found in the bazaar:

1. Dry foods and sundries shops with round woven mat bins holding dried corn, fruits, and other items.

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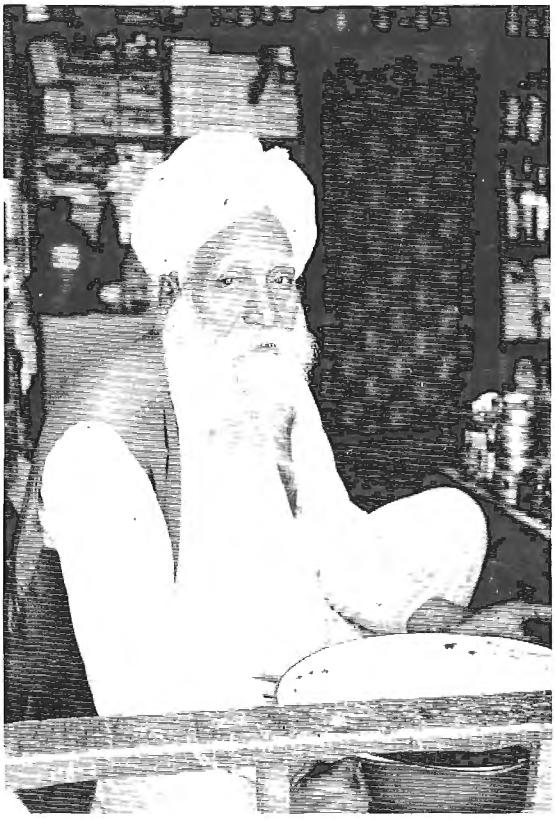
[2] The current exchange rate is 80.0 Afghanis to the U. S. dollar.
[3] Canals.



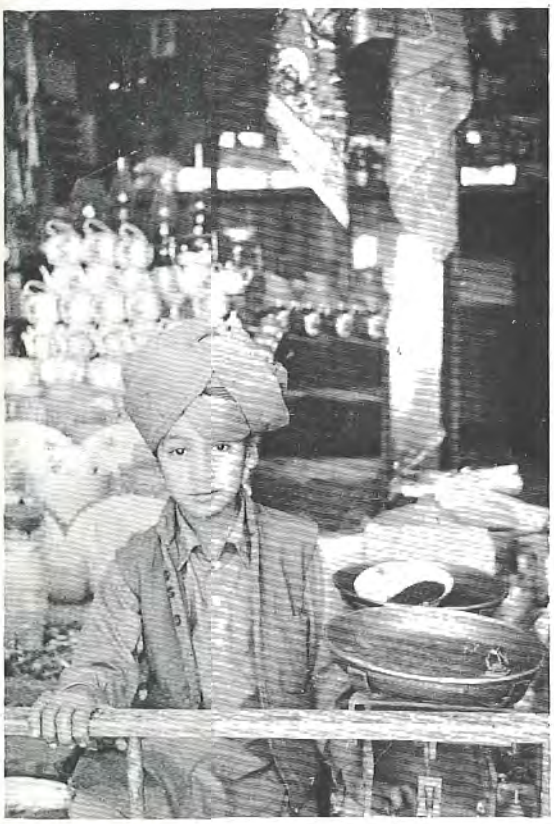


Plate I

Market Sellers in the
Mehterlam Bazaar

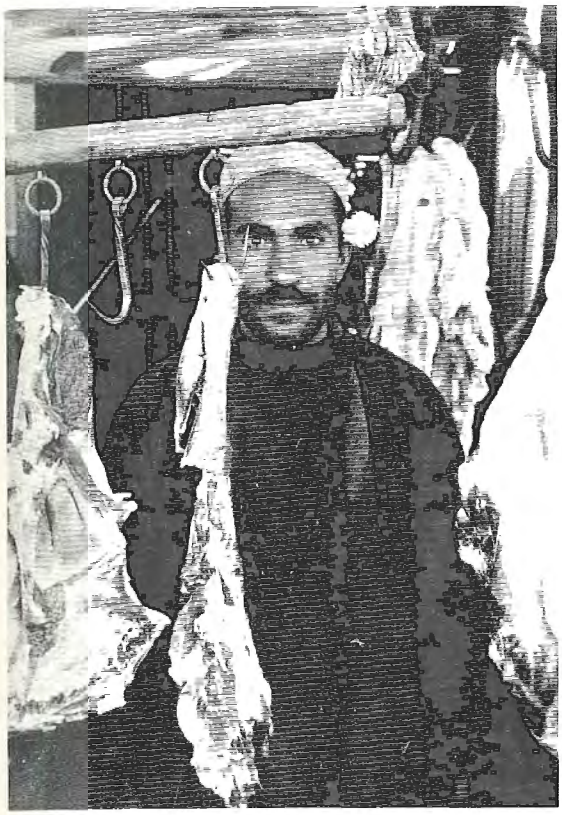


Plate II

A Butcher, Cobbler, nut Vendor
and Tailor in the Mehterlam Bazaar

2. Cloth stores, carrying both imported and domestic fabric.

3. Grain shops, selling principally wheat and rice.

4. Miscellaneous stores, carrying small manufactured items, such as flashlights, fountain pens, and some ready-to-wear clothing.

5. Butcher shops selling mutton, beef, and goat.

6. Doctors, dentists, and pharmacies, dispensing medical care and equipment, but not birth control devices.[4]

7. Fruit and vegetable shops.

8. Tool shops, selling mostly hand tools for use in agriculture.

9. Gunsmiths, engaging in both sales and repairs.

10. A welding shop.

11. A bicycle shop.

12. A cotton shop selling ginned, but unbaled cotton.

In addition to the above, there were also a number of unlicensed tradesmen, such as cobblers and prepared food vendors who worked in the bazaar. The majority of the shops exist to distribute goods that move into the province. There are agricultural commodities that move out of the province to Kabul and other points; however, the people in this trade are much more difficult to identify. They are likely a combination of agents, shippers or dealers who operate on a retail basis. The retail grain dealer may assume whatever role suits the occasion.

Transportation

The goods sold in Mehterlam come mostly from Jalalabad and Kabul. Jalalabad is sixty kilometers away, five kilometers of which have a paved road; fifty are unpaved. Travel to Jalalabad costs 10 Afs. per person by bus, 15 Afs. per person by shared taxi, and the General Transport rate for bulk commodities is about 160 Afs. per ton. Kabul is 192 kilometers away by road, of which 50 kilometers are unpaved and 142 are paved. Travel to Kabul per person costs 30 Afs.

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[4] The writer found birth control devices on sale, but the pharmacists said there was no interest in them.

Table 1. Types of permanent shops in the Mehterlam Bazaar (based upon a classification of licenses)

Type of Shop	Number	Percent
1. Dry food and sundries	62	36.5
2. Cloth	30	17.6
3. Grain	27	15.8
4. Miscellaneous	23	13.5
5. Butcher	12	7.0
6. Doctor and Dentist	4	2.3
7. Fruit and vegetable	4	2.3
8. Tool shops	2	1.1
9. Gunsmiths	2	1.1
10. Welding	1	.7
11. Cooking oil	1	.7
12. Bicycle	1	.7
13. Cotton	1	.7
Totals	170	100.0

Table 2. Tribal and ethnic origins of shopkeepers in the Mehterlam Bazaar*

Tribe or Ethnic Group	Number	Percent
Ahmad Zei	1	2.77
Asmial Khel	2	5.55
Azar Makhi	1	2.77
Arora	1	2.77
Katri	2	5.55
Naigi	1	2.77
Oria Khel	2	5.55
Sikh	9	25.00
Tajik	14	38.95
Raisghail	2	5.55
Wardag	1	2.77
Totals	36	100.00

*The spelling of tribal names is phonetic. The tribal name of one of the merchants could not be deciphered.

by bus, 50 Afs. by shared taxi, and the General Transport rate is 434 Afs. per ton.

Shopkeepers usually purchase their merchandise in Kabul or Jalalabad and bring their wares back by bus or truck. Edible oil is the heaviest weighing commodity that is sold in the bazaar on a regular basis. To move large drums (408 pounds each) of Russian oil from Kabul to Mehterlam costs 40 Afs. per drum. Truckers charge three Afs. each to bring 35 pound cans of oil from Kabul. To transport bulkier items, such as agricultural hand tools, the charge is three Afs. per seer.

Characteristics of Shopkeepers

To determine the characteristics of shopkeepers, interviews were conducted with 37 merchants. All of these retailers were male, and were of diverse ethnic and tribal origins (see Table 2), although the Tajiks and Sikhs dominate. The median age of the shopkeepers was between 40 and 50, most of them having been in the market for more than three years (see Tables 3 and 4).

There was evidence of strong kinship ties among shopkeepers. Of the nine Sikhs that were interviewed, seven had close relatives in the market, i.e., fathers, brothers, and cousins.[5] With the exception of four, all of the shopkeepers interviewed were born in Laghman, and most have been tradesmen all of their lives; however, several had worked in such occupations as electrician, herb dealer, mullah, drayman, and farmer.

Operating Schedules

The merchants had their shops open and ready for business at 0800 and would close at 2000 (see Table 5). They are normally open every day except when they travel to Kabul or Jalalabad on buying trips. Friday is the market day in Laghman and is normally much busier than other days.

Costs of Operation

The shopkeepers have several operation costs. They maintain inventories which are usually under 20,000 Afs., but may be as high as 200,000 Afs. (see

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[5]These relationships may be out of context with the western concept, due to the extended family. Also, it is interesting to note that the Sikhs are predominant in the cloth trade. This is apparently the case in all large bazaars south of the Hindu Kush.

Table 3. Age distribution of shopkeepers in the Mehterlam Bazaar

Age	Number	Percent	Cumulative Percent
20-24	3	8.10	8.10
25-29	4	10.80	18.90
30-34	6	16.28	35.18
35-39	4	10.80	45.98
40-44	8	21.62	67.60
45-49	3	8.10	75.70
50-54	2	5.40	81.10
55-59	1	2.70	83.80
60-64	0	0.00	83.80
65-69	2	5.40	89.20
70-74	2	5.40	94.60
75+	2	5.40	100.00
Totals	37	100.00	

Table 4. Length of tenure of shopkeepers in the Mehterlam Bazaar

Years	Number	Percent	Cumulative Percent
0- .99	14	37.87	37.87
1-1.99	3	8.10	45.97
2-2.99	4	10.81	56.78
3-3.99	11	29.72	86.50
4-4.99	1	2.70	89.20
5-5.99	2	5.40	94.60
6-6.99	0	0.00	94.60
7.7.99	1	2.70	97.30
8+	1	2.70	100.00
Totals	37	100.00	

Table 5. Hours of operation of shops in the Mehterlam Bazaar

Time Open				Time Closed			
Hour	Number	Percent	Cumulative Percent	Hour	Number	Percent	Cumulative Percent
0400	1	2.88	2.88	1600	8	22.22	22.22
0500	4	11.42	14.30	1700	18	50.00	72.22
0600	5	14.28	28.58	1800	7	19.46	91.68
0700	7	20.00	48.58	1900	1	2.77	94.55
0800	18	51.42	100.00	2000	2	5.55	100.00
Totals	35	100.00		Totals	36	100.00	

Table 6. Total value of inventory and equipment owned by shopkeepers in the Mehterlam Bazaar

Value in Afghanis	Number	Percent	Cumulative Percent
0-20,000	20	55.50	55.50
21-40,000	3	8.10	63.60
41-60,000	4	10.10	73.70
61-80,000	2	5.40	79.10
81-100,000	4	10.10	89.20
101-120,000	0	0.00	.00
121-140,000	0	0.00	.00
141-160,000	3	8.10	97.30
161-180,000	0	0.00	.00
181-200,000	0	0.00	.00
200,000	1	2.70	100.00
Totals	37	100.00	

Table 6). Most pay a rental fee of approximately 300 Afs. per month (see Table 7), and a license fee of about 50 Afs. per month (see Table 8).

The private protection industry in the bazaar is particularly interesting. Most shopkeepers pay 20 Afs. per month to a guard who watches their shop at night (see Table 9). The guard is employed by a "leader of guards" who is designated by the shopkeepers and approved by the municipality. The leader employs eight guards who are each paid a salary of 550 to 600 Afs. per month.

Credit

Shopkeepers in the bazaar receive some credit from wholesalers, lend freely among themselves, and occasionally extend credit to their customers. Whenever shopkeepers travel to Kabul or Jalalabad to purchase from wholesalers, they often pay for one-third or one-half of their total purchases and the remainder when they return to purchase more goods. They sell to each other and to government officials on credit. Retail credit is often extended to "people we know" who reside in nearby villages. There is apparently no preference given to relatives, and credit is not necessarily related to growing seasons.

The Da Afghanistan Bank has a branch in Mehterlam that performs several functions. The bank changes currency, forwards government payrolls, and receives deposits. It also gathers wheat price data and generally serves as an informal clearinghouse for economic information. This bank branch does not grant loans.

Products Sold

The shopkeepers stock a wide array of imported and domestic goods (see Tables 10 and 11). Most of the manufactured goods are purchased from wholesalers in Kabul or Jalalabad and the fresh dried food grains and vegetables are purchased in Laghman. The markup on both imported and domestic goods is generally low except for those items which are sold infrequently.

Clientele

The customers of the shops were reported to be predominantly men, and 18 of the 37 shops interviewed reported no sales to women. More than one-half of their customers come from less than 25 kilometers away; some shoppers live as far away as 75 kilometers (see Table 12). Pricing policies are completely flexible and transactions are sometimes accompanied by bargaining.

Table 7. Monthly rental fees
paid by shopkeepers in the Mehterlam Bazaar

Fee in Afghanis	Number	Percent	Cumulative Percent
0-50	7	20.58	20.58
51-100	2	5.89	26.47
101-150	1	2.94	29.41
151-200	2	5.89	35.30
201-250	1	2.94	38.24
251-300	8	23.52	61.76
301-350	4	11.76	73.52
351-400	2	5.89	79.41
401-450	2	5.89	85.30
451-500	4	11.76	97.06
501-550	0	.00	97.06
551-600	1	2.94	100.00
Totals	34*	100.00	

*Three of the interviewees did not pay rent.

Table 8. Annual license fee
paid by shopkeepers in the Mehterlam Bazaar

Cost in Afghanis	Number	Percent	Cumulative Percent
0-10	1	3.71	3.70
11-20	3	11.11	14.82
21-30	2	7.41	22.23
31-40	3	11.11	33.34
41-50	11	40.74	74.08
51-60	1	3.71	77.79
61-70	0	.00	77.79
71-80	0	.00	77.79
81-90	0	.00	77.79
91-100	5	18.50	96.29
100	1	3.71	100.00
Totals	27*	100.00	

*Ten of the interviewees were not required to pay license fees.

Table 9. Monthly protection fees
paid by shopkeepers in the Mehterlam Bazaar

Cost in Afghanis	Number	Percent	Cumulative Percent
0-11	4	11.76	11.76
11-20	19	55.88	67.64
21-30	10	29.42	97.06
31-40	0	0.00	.00
41-50	1	2.94	100.00
Totals	34*	100.00	

*Three of the interviewees did not pay for protection.

Table 10. Buying prices, selling prices, country of origin, location of supplier, and percent of markup on manufactured goods sold in the Mehterlam Bazaar

Item	Country of Origin	Location of Supplier	Buying Price In Afghanis	Selling Price In Afghanis	Markup Percent
1. Cotton cloth	Japan	Kabul	14.50/meter	15.00/meter	3.33
2. Silken cloth	Japan	Kabul	30.00/meter	31.00/meter	3.22
3. Beads	Japan	Kabul	55.00/pow	57.00/pow	3.50
4. Mirrors	Japan	Kabul, Laghman	9,50/each	12.00/each	20.83
5. Paper	Pakistan	Kabul, Jalalabad	130.00/bundle	134.00/bundle	2.98
6. Shoes	Pakistan	Jalalabad	140.00/each	150.00/each	6.66
7. DDT	Pakistan	Kabul, Jalalabad	3.50/can	4.00/can	12.50
8. Cotton cloth	India	Kabul	15.00/meter	16.00/meter	6.25
9. Notebooks	India	Kabul	100.00/dozen	105.00/dozen	4.76
10. Cloth	India	Kabul	48.00/meter	50.00/meter	4.00
11. Baby powder	India	Laghman	20.00/each	25.00/each	20.00
12. Lamp glass	India	Kabul, Laghman	5.50/each	8.00/each	31.25
13. Silk	India	Kabul	18.00/bundle	20.00/bundle	10.00
14. Ink pens	China	Kabul	40.00/dozen	45.00/dozen	11.11
15. Teapots	China	Kabul	25.00/each	27.00/each	7.40
16. Used clothing	U.S.A.	Kabul	2,000/bundle	2,150/bundle	6.97
17. Soap	U.S.S.R.	Kabul, Jalalabad	4.50/each	5.00/each	10.00
18. Cotton	U.S.S.R.	Kabul	26.50/meter	28.00/meter	5.35
19. Plow share	Afghanistan	Jalalabad	18.00/each	20.00/each	10.00
20. Plastic shoes	Afghanistan	Kabul	28.00/each	30.00/each	6.66
21. Socks	Afghanistan	Kabul	30.00/pair	32.00/pair	6.25
22. Cotton cloth	Afghanistan	Kabul	12.00/meter	12.50/meter	4.00
23. Straw mats	Afghanistan	Jalalabad	25.00/each	27.00/each	7.40
24. Cartridge belt	Afghanistan	Kabul	100.00/each	120.00/each	16.66
25. Toilet paper	Austria	Laghman	9.00/roll	11.00/roll	18.18
26. Pharmaceuticals	Germany	Kabul	3.5 /each	3.75/each	6.66
27. Pharmaceuticals	France	Kabul	67/pkg.	77/pkg.	2.86

Table 11. Buying prices, selling prices, country of origin, location of supplier, and percent of markup of foodstuffs in the Mehterlam Bazaar

Item	Country of Origin	Location of Supplier	Buying Price In Afghanis	Selling Price In Afghanis	Markup Percent
1. Oil	Holland	Kabul	21.00/pow	21.50/pow	2.32
2. Oil	Iran	Kabul	21.00/pow	22.00/pow	4.54
3. Oil	Japan	Kabul	21.00/pow	21.50/pow	2.32
4. Tea	China	Jalalabad	50.00/pow	55.00/pow	9.09
5. Dried fruit	Afghanistan	Kabul	7.5 /pow	8.0 /pow	6.25
6. Candy	Afghanistan	Jalalabad	155.00/seer	160.00/seer	3.12
7. Beans	Afghanistan	Laghman	5.50/pow	6.00/pow	8.33
8. Millet	Afghanistan	Laghman	78.00/seer	80.00/seer	2.50
9. Oil	Afghanistan	Kabul	19.00/pow	20.00/pow	5.00
10. Rice	Afghanistan	Laghman	130.00/seer	135.00/seer	3.70
11. Corn	Afghanistan	Laghman	47.00/seer	50.50/seer	6.93
12. Flour	Afghanistan	Laghman	76.00/seer	78.00/seer	2.56
13. Barley	Afghanistan	Laghman	50.00/seer	52.00/seer	3.84

Table 12. Distance traveled to shops in the Mehterlam Bazaar by the furthermost customers

Distance In Kilometers	Number	Percent	Cumulative Percent
0	0	0.00	0.0
5	2	6.00	6.0
10	6	18.80	24.80
15	1	3.00	27.80
20	5	15.10	42.90
25	5	15.10	58.00
30	1	3.00	61.00
35	1	3.00	64.00
40	2	6.00	70.00
45	4	12.00	82.00
50	2	6.00	88.00
75+	4	12.00	100.00
Totals	33*	100.00	

*There were four non-respondents.

COMPOSITE SHOPKEEPERS

The Composite Technique

Certain important information was extremely difficult to obtain and involved questions that were certain to put shopkeepers on guard. This possibly jeopardized the gathering of other less sensitive information. For example, retailers were extremely reluctant to divulge all the components necessary to estimate their flow of income. However, it was possible to combine information from one seller with information from another and to arrive at a composite seller. Thus, the composite is neither a statistically acceptable representative sample of the retailers, nor any one individual. It is merely a systematic manifestation of a retailer based upon the author's judgment along with fragmented but related information.

The Oil Vendor

The oil merchant is located on a busy corner in the market. Although he has only been in the Mehterlam market for two years, he has been an oil dealer since he was fifteen years old, and formerly ran a shop in a nearby village. He has five children who help him in the store, and who do an adequate job of retailing in his absence.

The oil vendor opens at 0700 every morning in order to be available at the same time as his competitors who are nearby, and sell oil at very near his prices. His shop is twenty square meters in size and is lined with containers of edible oil, most of them 35 pound cans from Afghanistan, Iran, Holland, Japan, and Pakistan, along with several 408 pound drums of Russian oil.

The oil merchant serves a large male clientele from villages less than five kilometers distant, who mostly purchase small amounts of oil for cash, on a frequent basis. This retailer goes on weekly buying trips to Kabul and contracts for a trucker to haul his 50 to 100 cans of oil to Mehterlam. The wholesaler allows him to delay payment for two weeks.

Income and expenses of the oil vendor are listed in Table 13. His annual gross sales are about 3,063,000 Afs. derived from the sale of 144,000 pow of oil at 21 Afs. per pow, and 3,900 tin cans of oil at 10 Afs. each. His acquisition costs are 2,880,000 Afs. based on a purchase price of 20 Afs. per pow. His direct costs consist of interest on 80,000 Afs. of inventory and equipment at 10% per annum, along with 3,900 Afs. paid to occasional laborers for product handling. His indirect costs consist of rent, license, transportation to and from Kabul, and miscellaneous expenditures.

Based on the above costs and returns, the oil vendor makes an annual profit of 141,300 Afs. Out of this he must run the risk of an occasional credit loss, product damage, and the attendant uncertainties inherent in private enterprise.

Table 13. Annual income statement for an oil merchant in the Mehterlam Bazaar

Item	Afghanis		
1. Gross Sales		3,063,000	
2. Cost of Goods Sold		2,880,000	
3. Gross Margin			183,000
4. Direct Costs			
Interest	8,000		
Labor	3,900		
Total Direct Costs		11,900	
5. Indirect Costs			
Rent	4,200		
License	40		
Travel	3,120		
Transportation	12,000		
Protection	240		
Miscellaneous	10,000		
Total Indirect Costs		29,600	
6. Total Costs			41,500
7. Profit			141,500

The Hardware and Shoe Retailer

Hardware and shoes are stocked together in the same shop, located on another busy corner of the Mehterlam Bazaar. The shopkeeper sells plastic shoes, made in Afghanistan, along with sickles, shovels, plowshares, and other agricultural hand tools. Prior to moving to the Mehterlam Bazaar, this shopkeeper was a merchant in nearby Tegari, where he was born 55 years ago. One of his two wives is deceased, and of his fourteen children, several of them help him with the business.

This shoe and hardware retailer makes two trips to Kabul a month. He buys his agricultural tools from small manufacturers in Kabul's Shor Bazaar. The tool manufacturers do not extend credit; they sell tools by weight (i.e., shovels are 10.5 Afs. per pow). In turn, the retailer pays 3 Afs. per seer to have the shovels transported to Mehterlam and sells them for 12 Afs. per pow.

This merchant pays 300 Afs. monthly for rental of his shop, which consists of 12 square meters. Another 20 Afs. a month are paid to the guard who watches the area at night. To maintain his inventory of 30,000 Afs., this shopkeeper either incurs a cost or foregoes interest income of 10 percent, which amounts to 3,000 Afs. per annum.

The shoe and hardware merchant opens his shop early (0600) and closes late (1800). His clientele are over 99 percent male, who come from as far away as Nuristan, a distance of 45 kilometers. He frequently extends short term loans of 500 to 600 Afs. for periods of one week. Long term loans of 3,000 to 4,000 Afs., when granted, are to be repaid in weekly installments. These loans are made without interest, but since costs for merchandise are determined by negotiation, prices are higher in case of delayed payment. This retailer reported that his customers rarely default on loans. The occasional default is usually due to the unexpected death of the indebted, who had not previously informed his children or other dependents of his obligation.

The Cloth Merchant

The cloth merchant is a Hindu Sikh, born in Afghanistan. As he sits in the shop, he is secure in the knowledge that his interests will be preserved by family ties. He has a brother and a cousin in the Mehterlam Bazaar. His merchandise is purchased from a cousin in the Kabul market, who in turn buys from another cousin who owns a minor interest in a textile mill in the Indian Punjab. In the event of minor difficulty, such as depleted funds or an illness, the Sikh merchant can rely on his family for support. His only anxiety is due to the remote possibility of tribal conflicts, and he constantly reminds his customers and colleagues of his Afghan origin.

The merchant sells a wide variety of cloth, much of which is from Japan, India, and Russia, as well as Afghanistan. He buys the cloth in bolts and sells it

by the meter at a small margin of profit, i.e., about three or four percent of the purchase price.

The cloth merchant's operating procedures and costs are very similar to the other retailers at this market. He works equivalent hours, pays about the same rent, and uses the area's private protection aparat. The principal difference in this merchant's operation is in the amount of credit he receives from his cousin in the Kabul market. Of an inventory of 150,000 Afs., he has financed 100,000 Afs., which he pays back at the rate of 5,000 Afs. per week.

The clientele of the cloth merchant come from as far as 40 kilometers away and are predominantly men. This retailer often extends credit, but claims to have a higher default rate than the other merchants interviewed.

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The Mehterlam Bazaar is a typical Afghan rural market. Manufactured goods move in and agricultural grains move out according to the dictates of supply and demand. The operations of the shopkeepers are characterized by modest markup of merchandise and low overhead expenses, as well as flexibility in both operational procedures and products handled. There is also evidence of strong kinship ties among shopkeepers.

There are several discernible bottlenecks in the Mehterlam Bazaar:

1. There are no extensive local wholesale operations for goods coming into the bazaar. This requires shopkeepers to make the long trip to Kabul or Jalalabad for supplies.

2. There is no formal price information system. While information flows through the bazaar horizontally among retailers by the informal system, the vertical communication between shopkeepers and wholesalers is sporadic.

3. Formal credit arrangements are lacking. This forces shopkeepers to pay higher prices to wholesalers who incorporate the high costs of credit into the sale prices.

4. There is a lack of specialization in the market. Shopkeepers execute a multitude of functions that could be handled more effectively if executed individually by specialized personnel.

There do not appear to be excessive barriers to entry into the shopkeeping profession in the bazaar and there is price competition among sellers. There is excess capacity in the form of a number of unoccupied shops. However, prospective retailers would have to obtain capital, knowledge of the business, and secure the confidence of a wholesaler to receive credit.

Recommendations

There are several ways that the system might be improved.

-- The local Da Afghanistan Bank should be encouraged to make small business loans. With the present system, the bank receives deposits but does not make loans. It effectively removes credit from the province and channels it to Kabul. Without a formal credit system, the Mehterlam merchants must obtain credit from wholesalers and pass the costs along to consumers in the form of higher prices.

-- Price information is another area where the system might be improved. The merchants must rely on word of mouth or, to a limited extent, the local official telephones under the auspices of the government, for information about costs in the Kabul markets. Price information could come from Kabul by radio or messenger and be distributed among the merchants.

-- The Mehterlam Bazaar could be used as a system to distribute agricultural inputs. The oil merchant could easily become a fertilizer dealer. He has managerial capability, experience with a heavy, high volume product, and could make arrangements for storage space within the empty shops. If fertilizer were available from a distributor in Jalalabad, the oil merchant would probably prefer handling it to the oil he now purchases in Kabul. The shoe and hardware shopkeeper could be a marketing outlet for agricultural implements such as hand sprayers from India, pure seed, or agriculture chemicals. He has the retail experience with farmers and he extends credit.

-- The influence of the Kabul Sikhs on the bazaars south of the Hindu Kush should be closely studied. It is quite possible that a few influential Sikhs could use their existing contacts to create a ready made distribution system for agricultural inputs.

The final ingredient in any effort to improve the market system or utilize it for agricultural inputs is motivation. The motivation of the shopkeepers to accept change would be a complicated task requiring a broad knowledge of social relationships in the market. This should be the next priority for research.